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Message Text

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43
ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 L-03 H-03 PA-04 PRS-01

SAJ-01 SAM-01 DRC-01 /105 W
---------- 070926
R 190900Z SEP 74
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 4679
INFO AMEMBASSY TAIPEI
AMCONSUL HONG KONG
USLO PEKING

UNCLAS TOKYO 12194

E.O. 11652: N/A
TAGS: JA, ECEM, CH
SUBJECT: FIRST JAPAN EXPORT-IMPORT BANK CREDITS TO PRC IN TEN YEARS

1. EMBASSY HAS CONFIRMED WITH JAPAN EXPORT-IMPORT BANK, FONOFF AND MITI SOURCES
NEWS REPORTS THAT, IN LINE WITH TACIT DECISION TAKEN AT TIME OF NORMALIZATION OF RELATIONS IN 1972, EXIM BANK WILL EXTEND FIRST CREDITS TO PRC IN 10 YEARS. OFFICIAL ANNOUNCEMENT WILL BE MADE NEXT MONTH.

2. FIRST PROJECT, WHICH IS BEING FORMALLY APPROVED SEPT. 19. IS 300,000 TON ETHYLENE PLANT TO BE EXPORTED BY TOYO ENGINEERING FOR CONTRACT PRICE OF YEN 14,349 MILLION (ABOUT $47 MILLION). EX-IM BANK WILL PROVIDE FINANCING, ON A DEFERRED PAYMENT BASIS, UP TO YEN 8,965 MILLION, AT 5.5 PERCENT PER ANNUM OVER 5 YEARS. COMMERCIAL BANKS WILL FINANCE ANOTHER YEN 2,000 MILLION AT ABOUT 8 PERCENT PER ANNUM. (NOTE: UNDER JAPANESE SYSTEM EX-IM BANK EXTENDS CREDITS TO EXPORTER, NT FOREIGN BUYER).
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3. EX-IM BANK ALSO INTENDS TO APPROVE BEFORE END OF THIS YEAR CREDITS FOR FOLLOWING PROJECTS:
A) 115,000 TON ETHYLENE PLANT, TO BE EXPORTED BY KURARAY AND MITSUBISHIPETROCHEMICAL; B) HIGH PRESSURE POLYETHYLENE PLANT BY MITSUBISHI PETROCHEMICAL;
C) FERTILIZER PLANT BY TOYO ENGINEERING AND MITSUI-TOATSU CHEMICAL; D) 250,000 KW THERMAL (COAL) POWER STATION BY HITACHI. TOTAL CREDITS FOR ABOVE PROJECSTS, INCLUDING ETHYLENE PLANT, TO REACH YEN 33-35 BILLION (110-117 MILLION DOLLARS).

4. IN SEPTEMBER, 1975, EX-IM BANK EXPECTS TO GRANT CREDITS TO NIPPON STEEL FOR EXPORT OF HEN 64,000 MILLION STEEL PLANT TO PRC.

5. EX- IM BANK SOUCE NOTED THAT ALL CONTRACTS WERE SIGNED LAST YEAR BUT DIFFICULT NEGOTIATIONS OVER INTEREST RATES AND REPAYMENT TERMS DELAYED APPROVALS.
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Message Attributes

Automatic Decaptioning: X
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Disposition Authority: n/a
Disposition Case Number: n/a
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Disposition Date: 01 JAN 1960
Disposition Event:
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